

REMARKS

This application has been carefully reviewed in light of the Final Office Action, dated June 21, 2007 ("June 21 Office Action"). Claims 1-3, 5-16, and 18-19 are pending in the present application. Claims 1, 12, 16 and 19 are independent. None of the claims are currently amended.

The June 21 Office Action rejected Claims 1-3, 5-16 and 18-19 under 35 U.S.C. § 103(a) as being unpatentable over Kaminsky (U.S. Patent Publication No. 2002/0082967) in view of Macready (U.S. Patent Publication No. 2002/0016759). Applicant respectfully traverses the rejection.

Applicant thanks the Examiner for conducting a telephonic interview with Applicant's counsel on September 27, 2007. During the interview, Applicant's counsel discussed how the pending claims and how they are patentably distinct from the combination of Kaminsky and Macready.

The present invention is directed to systems and methods for trading securities to provide system participants with optimal buy and sell prices by allowing a user who sends a request for quotation (RFQ) to either accept the best response and execute the trade as an agent or improve (and not merely match) the best response and execute the trade as a principal. The information that a user can access using the systems and methods of the invention is dependent upon the type of user (*e.g.*, trader, investment executive, individual customer). And the ability of a user to modify information using the systems and methods of the invention is also dependent upon the type of user.

The systems and methods of the present invention include a price discovery module for sending RFQs to pre-determined dealers and for receiving/capturing dealer responses to the RFQs. (Specification p. 2, l. 26-29.) The systems and methods allow a user who has sent the RFQ to either accept the best response and execute the trade as an agent or improve the

best response and execute the trade as a principal.” (*Id.* at p. 2, l. 31 – p. 3, l. 2.) “The price discovery module 34 enables users to send RFQs, select the best price/response and execute a trade. By way of illustration, where trader 40, 46 sends the RFQ, the trader has the capability to accept the best dealer response and execute the trade as a principal. It is not enough for a trader to match a best response. Instead, a trader must improve the best response in order to execute as a principal.” (*Id.*, p. 9, l. 3-9.)

Independent Claim 1 recites:

A computer-implemented system for trading taxable and non-taxable securities comprising:

an offering inventory module for tracking and displaying securities offerings and information including at least one response to a request for a quotation (RFQ), wherein the securities offerings and information in the offering inventory module are automatically updated; and

a price discovery module for

forwarding at least one RFQ from a sender to at least one dealer, wherein the sender comprises one of a first user and a second user acting on behalf of the first user,

receiving at least one dealer response to the RFQ, and

executing a trade based on one of a best RFQ response and an improvement to a best RFQ response, wherein the system makes the at least one dealer response available to the second user and allows the second user to improve the best RFQ response to execute the trade based thereon as a principal and determines an execution price and yield for the securities offerings for which the trade that has been executed.

Kaminsky is directed to solving a different problem than the present invention.

Kaminsky is directed to assessing a market-maker’s aggregate risk and automatically modifying a market-maker’s quotes when a predetermined risk threshold is exceeded. The claimed invention is directed to obtaining optimal buy and sell prices for individual trades by allowing a user who sends a request for quotation (RFQ) to either accept the best response and execute the trade as an agent or improve the best response and execute the trade as a principal.

The June 21 Office Action concedes that Kaminsky does not disclose, teach, or suggest a system having a price discovery module that enables individual trades to be executed based on one of a best RFQ response and an improvement to a best RFQ response, wherein the system makes the at least one dealer response available to the second user and allows the second user to improve the best RFQ response to execute the trade based thereon as a principal as recited in Claim 1.

The June 21 Office Action maintains that Macready discloses these limitations and that Claims 1-3, 5-16, and 18-19 would have been obvious to one having ordinary skill in the art at the time the invention was made in light of the combination of Kaminsky and Macready.

Applicant respectfully disagrees. Macready does not does not disclose, teach, or suggest a system having a price discovery module that enables individual trades to be executed based on one of a best RFQ response and an improvement to a best RFQ response, wherein the system makes the at least one dealer response available to the second user and allows the second user to improve the best RFQ response to execute the trade based thereon as a principal as recited in Claim 1.

Unlike the claimed invention, Macready is not specifically directed to a system for trading securities. It is directed to a general trading system, particularly useful for direct material purchasing on line, which allows trading parties to express trading desires and constraints across many and varied different factors that are not limited to price and quantity. (Macready ¶¶ 12, 278.) The trading preferences are informed by many different data sources to optimize for a company's internal operations and its connections to its supply chain through an analysis including total cost factors. (*Id.* ¶ 12.) The system described in Macready uses a computational procedure in which a buyer's trading preferences and hard constraints and suppliers' delivery capabilities and constraints are encoded, and the system

optimizes against both quantitative and qualitative factors, to locate win-win opportunities for all parties if they exist. (*Id.* ¶ 278.)

The system of Macready may operate at regularly scheduled intervals or sporadically in lieu of current request for quotations (RFQ). (Macready ¶ 281.) The buyer may broadcast a RFQ event to suppliers, indicating a time within which suppliers must respond. (*Id.*) Macready states that buyers can use the system described in Macready to assist in the analysis of supplier responses. (*Id.*) Buyers can modify responses for use as a resubmission to the market. (*Id.* ¶ 310.) Buyers using the Macready system also can engage in “climbing in preference space” by iteratively exploring preferences for both qualitative and quantitative aspects of a product. (*Id.* ¶¶ 310-11.)

Macready does not, however, disclose, teach, or suggest a system where a second user uses a price discovery module for forwarding at least one RFQ from a sender to at least one dealer, wherein the sender comprises one of a first user and a second user acting on behalf of the first user as recited in Claim 1. It also does not disclose, teach, or suggest a price discovery module that enables individual trades to be executed based on one of a best RFQ response and an improvement to a best RFQ response, wherein the system makes the at least one dealer response available to the second user and allows the second user to improve the best RFQ response to execute the trade based thereon as a principal as recited in Claim 1.

Macready makes no reference to the sender of an RFQ comprising one of a first user and a second user acting on behalf of the first user or to the price discovery module forwarding the request to a dealer as recited in Claim 1. Macready also makes no reference to a second user, distinct from the first user, being able to improve upon the best RFQ response and execute the trade as a principal as recited in Claim 1.

The June 21 Office Action states at page 3 that Macready teaches that “a second user may utilize the system for price discovery in that win-win trades are discovered based on the

best response to the RFQ (p. 13, ¶¶ 278-81).” The June 21 Office Action states further that in Macready, “[t]he sender comprises a first user and a second user acting on behalf of the first user (system or individual(s) acting on behalf of the system).” (June 21 Office Action at 3.)

The users of the Macready system are buyers and suppliers of goods and services. The system of Macready does not contemplate a second user acting on behalf of a first user that can improve upon the best RFQ response and execute a trade as a principal. Applicant does not understand the Office Action’s reference to “system or individual(s) acting on behalf of the system.” (June 21 Office Action at 3.) A system or individual acting on behalf of the system is not what is recited in Claim 1. Macready does not disclose, teach, or suggest a price discovery module that enables individual trades to be executed based on one of a best RFQ response and an improvement to a best RFQ response, wherein the system makes the at least one dealer response available to the second user and allows the second user to improve the best RFQ response to execute the trade based thereon as a principal as recited in Claim 1.

Alone or in combination, Kaminsky and Macready do not disclose, teach, or suggest the efficient price discovery module recited in Claim 1 that enables a second user acting on behalf of a first user to either accept the best response and execute the trade as an agent or improve the best response and execute the trade as a principal.

The dependent claims are also distinguishable over the combination of Kaminsky and Macready. Alone, or in combination, Kaminsky and Macready do not disclose, teach, or suggest an internal module which affords internal users access to the offering inventory module and price discovery module as recited in Claim 2. In response, the Office Action argues that Kaminsky discloses a “trader application module and back office application” that “allows for users to access the offerings – p. 3, 27 and 31.” (June 21 Office Action at 4.)

First, as noted above, neither Kaminsky nor Macready disclose, teach, or suggest, the price discovery module recited in Claim 2. Second, Kaminsky disclose, teach, or suggest

that users have different levels of access to an offering inventory module and price discovery module as recited in Claim 2

Alone, or in combination, Kaminsky and Macready do not disclose, teach, or suggest selected users being able to view all of the RFQ responses in the offering inventory module as recited in Claim 6, while non-selected users can view only a best RFQ response in the offering inventory module as recited in Claim 7. In response, the June 21 Office Action cites paragraphs 27-31 of Kaminsky, and states that those paragraphs of Kaminsky disclose that “those users with access to the specific viewing modules may view all RFQ responses while those without access cannot view all responses.” (June 21 Office Action at 4.) Applicant respectfully disagrees with the June 21 Office Action’s characterization of Kaminsky. There is no discussion in paragraphs 27-31 of Kaminsky that the different viewing modules described in Kaminsky enable selected users to view all of the RFQ responses in an offering inventory module, while other non-selected users can view only a best RFQ response.

Paragraphs 26 and 32 of Kaminsky describe different classes of human actors that use the system disclosed in Kaminsky (traders, market-makers, clearing firm brokers, and system operators). Those different classes of human actors use different graphical user interfaces (GUI) and application interfaces (API) that expose different subsets of functionality depending on the user that logged on to the system. However, nowhere does Kaminsky disclose, teach, or suggest that there are certain user classes of the Kaminsky system that can view only best RFQ responses as opposed to all RFQ responses. Kaminsky therefore teaches away from enabling selected users to view all RFQ responses in an offering inventory module, while other non-selected users can view only a best RFQ response as recited in Claims 6 and 7.

Alone, or in combination, Kaminsky and Macready do not disclose, teach, or suggest the time management system, which includes means for setting the third time limit as recited

in Claim 9. In response, the June 21 Office Action argues that Kaminsky discloses in paragraph 31 that the “back office application also has responsibility of setting time limits.” (June Office Action at 4.) Paragraph 31 of Kaminsky does state that the BackOffice application of Kaminsky is responsible for setting a “maximum response time to an RFQ,” but it does not disclose, teach, or suggest means for setting the three different time limits recited in Claim 9: a first time limit that determines an amount of time for the at least one dealer to respond to the requests, a second time limit that determines an amount of time for the sender of a request to decide whether to accept a dealer’s response, and a third time that determines an amount of time, after the second time limit has passed, for the sender to inquire whether the response is still valid.

Alone, or in combination, Kaminsky and Macready also do not disclose, teach, or suggest, a pricing proof system for determining the best response for a security as recited in Claim 10.

Independent Claim 12 recites:

A computer-implemented system for trading taxable and non-taxable securities comprising:

a computerized workstation for communicating trade information;

an updatable offering inventory module for tracking and displaying securities offerings and information including at least one response to a request for a quotation (RFQ);

a price discovery module for forwarding at least one RFQ from a sender to at least one pre-determined dealer and receiving at least one response thereto, wherein the sender comprises one of a first user and a second user acting on behalf of the first user; and

an internal module for internal users to access to the offering inventory module and price discovery module, wherein the system makes the at least one dealer response available to the second user, allows the second user to improve the best RFQ response to execute a trade based thereon as a principal, and executes a trade pursuant to one of a best RFQ and an improvement to a best RFQ response and determines an execution price and yield for the securities offerings for which the trade that has been executed.

Independent Claim 12 is patentable over the combination of Kaminsky and

Macready for reasons that include the reasons that Claim 1 is patentable. Dependent Claim 13 is patentable over the combination of Kaminsky and Macready for the same reasons as Claim 8.

Independent Claim 16 recites:

A computer-implemented method for trading taxable and non-taxable securities, comprising:

storing information pertaining to securities available for trading including at least one response to a request for a quotation (RFQ);

sending a request for an RFQ from a sender to at least one pre-determined dealer, wherein the sender comprises one of a first user and a second user acting on behalf of the first user;

receiving at least one dealer response to the RFQ; and

executing a trade based on an improvement to a best dealer response to the RFQ, wherein the at least one dealer response is made available to the second user that improves the best RFQ response to execute the trade based thereon as a principal and the securities for which the trade has been executed have a price and yield that are calculated when the trade is executed.

Independent Claim 16 is patentable over the combination of Kaminsky and Macready for reasons that include the reasons that Claim 1 is patentable. Alone, or in combination, Kaminsky and Macready do not disclose, teach, or suggest the first user comprising a financial executive and the second user comprising a trader as recited in Claim 18.

Independent Claim 19 recites:

A computer-implemented trading method, comprising:

sending a request for a quotation (RFQ) from a sender to at least one dealer, wherein the sender comprises one of a first user and a second user acting on behalf of the first user;

receiving at least one response to the RFQ from the at least one dealer; and

executing a trade based on one of a best dealer response to the RFQ and an improvement to the best dealer response to the RFQ, wherein the at least one dealer response is made available to the second user that improves the best RFQ response to execute the trade based thereon as a principal and the securities for which the trade has been executed have a price and yield that are calculated when the trade is executed.


Independent Claim 19 is patentable over the combination of Kaminsky and Macready for reasons that include the reasons that Claim 1 is patentably distinct from the combination of Kaminsky and Macready.

CONCLUSION

In light of the foregoing remarks, Applicant respectfully submits that the claims are patentably distinct over the prior art of record, that the application is in proper form for allowance of all claims, and earnestly solicits a notice to that effect.

Respectfully submitted,

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Date: October 31, 2007

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